



201 Third Street  
P.O. Box 24  
Henderson, KY 42419-0024  
270-827-2561  
www.bigrivers.com

May 11, 2009

RECEIVED

MAY 13 2009

PUBLIC SERVICE  
COMMISSION

Mr. Sanford Novick  
Kenergy Corp.  
6402 Corydon Road  
P.O. Box 18  
Henderson, KY 42419-0018

Re: Retail Electric Service Agreement  
Armstrong Coal Company, Inc.-Equality Mine

Dear Sandy:

This letter agreement ("Letter Agreement") will evidence Big Rivers' concurrence with the terms of Kenergy's electric service agreement with Armstrong Coal Company, Inc. (the "Retail Customer") dated May 11, 2009, a copy of which is attached hereto as Exhibit 1 (the "Retail Agreement"), and the agreement between Big Rivers and Kenergy with respect thereto.

(1) **Existing Agreement and Tariffs.** The terms and conditions of the June 11, 1962, wholesale power agreement, as amended, and Big Rivers' filed tariffs shall continue in full force and effect except as expressly modified by this Letter Agreement.

(2) **Additional Rights and Obligations of Big Rivers.** Big Rivers shall make available to Kenergy the electric power required during the term of the Retail Agreement to perform the power supply obligations assumed by Kenergy in the Retail Agreement and Big Rivers shall have the benefit of Retail Customer's covenants in such agreement. Big Rivers will supply the facilities required to deliver power to the delivery point, as defined in the Retail Agreement, and to meter electrical usage by Retail Customer.

(3) **Obligations of Kenergy.** Kenergy shall take and pay for (i) electric power and energy delivered by Big Rivers in accordance with Big Rivers' Rate Schedule 7 or Rate Schedule 10, as applicable, with demand and energy being measured in accordance with the Retail Agreement, and (ii) transmission services and facilities charges incurred by Big Rivers in connection with extending service to the Retail Customer's delivery point. Kenergy will promptly forward to Big Rivers a copy of any notices received by Kenergy from the Retail Customer under the terms of the Retail Agreement.

(4) **Obligation of Kenergy for Minimum Billing Demand Charge.** Kenergy agrees to bill Retail Customer for (i) any minimum billing demand charges in excess of measured demand, and (ii) all transmission services and facilities charges incurred by Big Rivers and billed to Kenergy in connection with extending service to the Retail Customer's delivery point.



Mr. Sanford Novick  
May 11, 2009  
Page Two

Kenergy agrees to pay over to Big Rivers all funds actually collected under such billings, including any termination charges respecting the KU Facilities and the Big Rivers Facilities (as those terms are defined in the Retail Agreement). The terms of this paragraph do not affect the obligation of Kenergy to pay Big Rivers in accordance with Big Rivers' tariff as and when billed for the wholesale charges for electric power and energy actually consumed by Retail Customer.

(5) **Division of Any Partial Payments.** Kenergy will pay to Big Rivers a pro rata share of any partial payment made to Kenergy by or on behalf of Retail Customer.

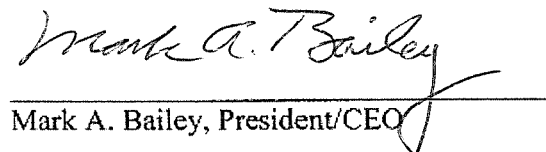
(6) **Effective Date.** This Letter Agreement will become effective upon approval or acceptance by the Public Service Commission of Kentucky.

(7) **Entire Agreement and Amendment.** This Letter Agreement represents the entire agreement of the parties on the subject matter herein, and cannot be amended except in writing, duly authorized and signed by Big Rivers and Kenergy. The Retail Agreement cannot be amended without the written approval of Big Rivers. Big Rivers shall have the right to approve the terms and issuer(s) of the letter(s) of credit contemplated by the Retail Agreement to secure the obligations of the Retail Customer for termination charges.

If this Letter Agreement is acceptable to Kenergy, please indicate that acceptance by signing in the space provided and returning four copies to us.

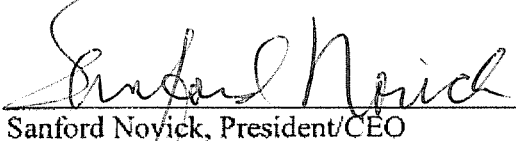
Sincerely yours,

BIG RIVERS ELECTRIC CORPORATION

  
Mark A. Bailey, President/CEO

ACCEPTED:

KENERGY CORP.

  
Sanford Novick, President/CEO

Date: May 11, 2009